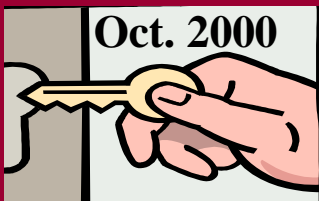


Oct. 2000



GOT PAYROLL CONTROLS?



Do You Know?

Why do movie theatres have one person collect cash and a different person take ticket stubs?



Answer: Reconciling the number of stubs to dollars collected tells management if all cash is accounted for.

Payroll Hip Tips

Don't have the person who prepares payroll distribute the checks. This will deter the payroll-preparer from distributing extra checks to himself OR reimbursing himself or others for questionable items or amounts.

Could This be You?

Only 8 of 49 Maricopa County departments control their payroll function by separating payroll duties.

Internal Audit's role has expanded to include proactive activities such as providing helpful educational material (cash handling classes, audit classes, presentations) and now this new publication for management.

CAO Comments on Internal Controls

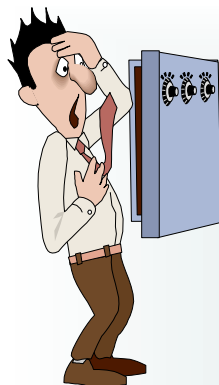
In a recent interview with Audit staff, David Smith, County Administrative Officer, mentioned that he is gratified by the good cooperation he has seen between Internal Audit and County management as both strive to strengthen the County's internal control environment.

Mr. Smith said, "Internal Audit serves a critical function in ensuring the integrity, credibility, and accountability of government. Probably none of us enjoy the extra work and sometimes stress of going through an audit (my Office was fully audited in 1999), but we can all look forward to knowing our internal controls are in place, and suggested improvements can tighten our operations. This protects our taxpayers and ourselves."

Mr. Smith agreed to help Internal Audit launch their Control Bulletin for Management--- Audit's newest tool for assisting managers improve their business processes. While it's management's responsibility to institute and maintain controls, he feels that everyone benefits if Audit expands its role beyond reviewing and reporting on controls, to educating County staff about controls. Smith was pleased that the Bulletin's first issue discusses payroll controls; the County's largest expense category, it's worthy of constant attention.



Did You Hear About These Frauds ? ? ? ? ?



Richmond CA auditors found that improper bonuses, raises, and reimbursements were paid. How? "No one except the VP of Operations handled the payroll," so it went undetected. An indictment resulted and the episode was a "local minor media event."

Orlando FL auditors found that "authorizing payroll hours and distributing paychecks duties were not segregated, but were administered by one supervisor. This supervisor falsified an employee's time record, then confiscated and cashed the paycheck."